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Coincheck - Crypto asset Trading Manual

Customers should ensure that they carefully read, and understand, the contents of this crypto asset trading manual (hereinafter referred to as the “Manual”) when trading crypto asset transactions (hereinafter referred to as “Transaction(s)”) handled by Coincheck, Inc. (hereinafter referred to as “Coincheck”).

There is a risk that the Transactions will generate a loss due to fluctuations in the value of crypto asset being traded. Transactions may earn substantial profits but, conversely, there is also the danger that they may make substantial losses. Therefore, when either starting or continuing to conduct Transactions, customers should ensure that they carefully read the contents of this Manual and Coincheck’s Terms of Service delivered with it, and that they have a proper grasp and understanding not only of the Manual but also the structure, content, and risks associated with Transactions before deciding, at their own liability and on their own judgment, to ask us to conduct a Transaction. This decision should only be taken if customers deem the Transaction appropriate in light of their own resources, trading experience, and trading objectives, etc.

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Pursuant to the provisions of Articles 16 and 17 of the Cabinet Office Order on Virtual Currency Exchange Service Providers, Coincheck has created this Manual to be delivered to customers prior to the conclusion of any contract pertaining to a Transaction.

Important Matters concerning Transaction Risk, etc.

- I. Crypto asset is not a national currency in or outside of Japan.
- II. Crypto asset handled by Coincheck is a “decentralized crypto asset” that is traded and issued on the Internet, and its value is not guaranteed by any particular nation, or any other party.
- III. There is a risk that Transactions will generate a loss due to fluctuations in the value of the crypto asset being traded.
- IV. Crypto assets can only be used for payment of the price as long as the creditor consents to receive the payment in crypto asset.
- V. It is possible that customers may not be able to place trades as intended when conducting a Transaction due to increases in the spread between the ask and bid prices of the crypto asset and the temporary suspension of orders or similar in the event of sudden market fluctuations, reduced liquidity, or other such situations.
- VI. There may be delays in processing transactions, or it may not be possible to place, execute, confirm, or cancel orders, or similar, due to failures in the trading system required for Transactions or in the communication lines connecting Coincheck and customers.
- VII. It is possible that crypto asset may be lost in whole or in part due to a cyber-attack or similar.
- VIII. Coincheck may not be able to continue its business if the external environment changes (including the tightening of regulations for virtual currencies); the Company’s financial situation deteriorates; or any of its service providers including cover transaction fall into bankruptcy. If Coincheck falls into bankruptcy, it will not be able to return assets to customers, and there is a possibility that customers may incur losses.
- IX. Coincheck is obliged to manage cash funds and crypto asset deposited by customers separately from its own and shall do so as detailed below. For details, please refer to “9. Customer property safety management .”
 - (1) Cash Funds
These are managed separately from our own funds by depositing money trust account with JSF Trust and Banking Co.,Ltd.
 - (2) Crypto asset
Crypto asset are stored in a cold wallet disconnected from the Internet or other external networks, and in either case it is managed in such a manner that each individual customer’s holdings are immediately distinguishable as data.
- IX. Trading exchange fees and other charges are payable for Transactions. Please see “10. Fees” for details.

* For details on Transaction risks, please see “13. Transaction risks.”

Transaction Rules and Structure

1. What are crypto asset?

Crypto asset is a currency whose value is not guaranteed by any specific state or other party, as opposed to legal tender such as the Japanese Yen or the US Dollar. As an encrypted “medium for exchange,” crypto asset is a “virtual” currency with monetary value, but no physical equivalent, that can be used to carry out economic activity in on line services. It is a type of encrypted currency also known as “digital currency.” A typical crypto asset is “bitcoin.”

Bitcoin is said to have been the first decentralized, encrypted currency. Crypto asset other than bitcoin are known as “altcoins,” and the term crypto asset refers to bitcoin and altcoins.

2. A summary of the crypto asset handled by Coincheck

(1) BTC: Bitcoin

Bitcoin is a crypto asset that can store and transfer value; it is based on blockchain (a network that is used to store and transfer assets, where trading data is recorded in a ledger on the Internet) technology, which is a decentralized ledger of records invented in 2008 that uses encryption technology. Bitcoin has no issuing entity, includes features such as an upper limit on the amount that can ever be issued, and is used as a means of payment and for investment.

(2) ETH: Ethereum

Ethereum is a mechanism that describes smart contracts (contract data) in a blockchain. Bitcoin manages the history of all transactions using blockchain, whereas Ethereum is a mechanism that writes the contracts to be performed in the transactions to the blockchain and then executes the details of those contracts.

(3) ETC: Ethereum Classic

Ethereum Classic is a project that was launched by opponents of the Ethereum Foundation’s hard fork. After the hard fork it maintained the original blockchain and it allows the trading of pre-hard fork ETH. Its image concept is as if pre-hard fork Ethereum had changed its name to Ethereum Classic.

(4) LSK: LISK

LISK is a decentralized application platform. A decentralized application is an application where one or more local or remote clients communicate over multiple machines connected by a network, using one or more servers. Operations can be processed from anywhere, and in terms of crypto asset it is similar to Ethereum.

(5) FCT: Factom

Factom is a project that uses blockchain technology and has been called “Bitcoin 2.0.” It allows all kinds of documents and records to be managed on the blockchain and is expected to also provide a notarization function to verify certain facts, in the same way as certification of registered seals. What Factom records on the blockchain is only hashes of documents and data. This makes it possible to protect personal information and important data from being leaked, and the small amount of data means faster processing speeds.

(6) XRP: Ripple

Ripple is a real-time gross settlement system, currency exchange, and remittance network operated by Ripple Labs Inc., a US-based technology company that uses decentralized ledger technology. The currency that can be used in the system is called “XRP,” or “Ripple Coin,” which is a native digital asset that exists only in Ripple. The Ripple system is programmed with 100 billion XRP; an amount that will never be increased any further.

(7) XEM: NEM

NEM is the first encrypted currency designed so that rewards are not biased towards certain miners who hold a lot of capital. NEM is an abbreviation for New Economy Movement and the mechanism uses the

Proof of Importance (POI) algorithm. POI means that those people who contribute to the NEM network gain benefits, giving everyone an equal opportunity to earn a profit; hence it is referred to as a “redistribution of wealth.”

(8) LTC: Litecoin

Litecoin is an encrypted currency with a market cap that is a spin-off from Bitcoin; if Bitcoin is comparable to “gold,” then Litecoin is comparable to “silver.” The basic mechanism is similar to Bitcoin, but Litecoin allows faster transactions than Bitcoin. In addition, the maximum number of Litecoins ever to be in circulation will be 84 million, which is around four times the number of Bitcoins.

(9) BCH: Bitcoin Cash

Bitcoin Cash is a new crypto asset born out of the hard fork which took place on August 1, 2017. One feature of Bitcoin Cash, compared to existing Bitcoin, is that the block size (transaction processing capacity) can be expanded up to 8 times; thus, the currency aims to improve the accumulation periods for remittances and lower costs in order to solve previous issues of scalability.

*Please refer to the sections on our website entitled “Outline of Crypto asset” and “Help Center,” etc. for further details on each of the crypto asset.

(10) MONA: Monacoin

Monacoin (Monacoin) is a crypto asset from Japan that was officially released on January 1, 2014. The motif is the ASCII art character "Monor", which spread around the anonymous bulletin board around 2000. With Segwit enabled currency prior to Bitcoin and Litecoin, more transactions can be processed in less time than Bitcoin. It is a currency that has grown with the strong support of the community, and it can be said that it is a unique currency that has been loved by fans.

(11) XLM: Stellar Lumens

Stella Lumens is a crypto asset issued by Jed McCaleb, co-founder of Ripple with Joyce Kim in 2014. Ripple aims to remit money at major financial institutions and legal entities, Stella Lumens aims to personal, mobile money, micropayment, etc. For this reason, the fee is considerably cheaper than other currencies as one of the features. With Stellar Consensus Protocol (SCP) used as its own consensus algorithm and secure transaction processing is feasible in a short time.

(12) QTUM: Quantum

Qtum was developed by Patrick Dai, an Alibaba engineer, the main net was launched in September 2017. The same balance management method as Bitcoin was applied. The feature is that Smart Contract compatible with Ethereum can be executed. Proof of Stake (POS) consensus algorithm is used and large mining power consumption problems with Bitcoin, Ethereum, etc. has been resolved. And it is possible to process transactions in a relatively short time. Also, It is being developed so that the various programming language can be used and there are various Dapps such as payments, games, SNS, etc.

(13) BAT: Basic Attention Token

Basic Attention Token is an ERC20 token on the Ethereum blockchain used on the new web advertising ecosystem developed based on the web browser "Brave". The purpose of the project is to solve the problems such as speed problems, inaccurate targeting, and burden on publishers that exist in conventional web advertisements. Through the Basic Attention Token and web browser, the ecosystem is designed to benefit users, publishers and advertisers.

(14) IOST: Internet of Services Token

IOST is the platform to intended to facilitate blockchain technology for various services at a realistic level as with credit cards etc.

It is a currency that has been attracting attention for its solution against scalability problems with sharding and for fair and fast transactions processing by Proof of Believability, a unique consensus algorithm . Also, the barrier to entry of Dapps development is low by use of smart contract with Javascript.

3. Trading channels

Customers can trade over the Internet using a PC or a smart phone. Note that orders cannot be accepted via customer support, e-mail, or telephone.

* Some services cannot be used from smartphones.

4. Trading times

Trading is available 24 hours a day, 365 days a year. Although maintenance is not scheduled on a regular basis, it will take place as required.

However, the major OTC trading sites can be traded as follows.

24 hours a day/ 365 days * Excludes system maintenance time. Trading may be suspended during New Year's holidays and Christmas seasons in Europe and America. Also, separate from the regular trading site, temporary maintenance may be implemented, and at the time of the maintenance, Display shows that it is under maintenance.* Please note that trading times may change according to requirements.

5. Trading pairs

Coincheck handles the following crypto asset pairs.

(1) Trading site (spot trades)

BTC/JPY; ETH/JPY; ETH/BTC; ETC/JPY; ETC/BTC; LSK/JPY; LSK/BTC; FCT/JPY; FCT/BTC
XRP/JPY; XRP/BTC; XEM/JPY; XEM/BTC; LTC/JPY; LTC/BTC; BCH/JPY; BCH/BTC; MONA/JPY
MONA/BTC; XLM/JPY ;XLM/BTC ; QTUM/JPY;QTUM/BTC ; BAT/JPY; BAT/BTC
; IOST/JPY;IOST/BTC

(2) Exchanges (spot trades,)

BTC/JPY, FTC/JPY

6. Transaction summary

(1) Crypto asset Trading Site

Crypto asset Trading Site is Over- The- Counter transactions where Coincheck as a counterparty deals with customer orders and Crypto asset can be bought and sold . Coincheck provides a different trade price for each buy or sell when customer order. The transaction price to be presented will be a unique price generated by Coincheck in consideration of the order quantity etc. based on the price distributed from other crypto asset exchanges and the price of our crypto asset exchange. The contract price is the transaction price presented at the time of order. Customers should enter the amount of crypto asset they want and place their order on Coincheck's designated Internet trading screen during our ordering hours. Note that when using a credit card or similar, to make a purchase, customers should specify the monetary value of the amount they want. Customers should check on our website when buying and selling crypto asset, as there is a minimum and a maximum order quantity.

* Large OTC Trading Site

There is a large OTC trading site at Crypto asset trading sites. It is a trading site dedicated to large-scale transactions, separate from the "coin purchase" and "coin sale" trading sites (hereinafter referred to as "ordinary trading sites") where ordinary crypto asset can be purchased and sold. The transaction price, minimum order quantity, order reception time, transaction procedure, etc., differ between regular trading sites and large OTC trading sites. Large OTC trading sites are limited to some crypto asset.

(2) Crypto asset Exchange

Crypto asset Exchange is a competitive trading market matching buy and sell orders under the order book from customers limit orders based on priorities such as price priority and time priority

This handles spot trades of crypto asset. Coincheck may place orders for the purpose of providing liquidity or adjusting the position of the crypto asset. For such orders, Coincheck prevents conflicts of interest with customers by using an automatic ordering system based on certain standards.

	Spot trades
Trading limit	None
Order instructions	Please indicate the items required and place an order from Coincheck's designated Internet trading screen within our ordering hours.
Buy orders	New buy orders for crypto asset
Sell orders	Sell orders for crypto asset held
Types of order	Market orders; limit orders; stop-limit orders
	* Please refer to "7. Types of orders."
Effective duration for limit orders and stop-limit orders	None (GTC) *The order is effective until the contract is filled or until canceled
Cancellation of orders	Limit orders and stop-limit orders can be canceled before the orders are filled. With the aim of preventing contracts that differ significantly from actual price, Coincheck sets the price limit (orderable width) at regular intervals in order to prevent contracts that differ significantly from the actual price. At the time of ordering, limit orders with a price exceeding the available range (including limit orders triggered by stop order) cannot be placed. In addition, when setting the price limit, limit orders (including stop orders triggered by stop loss) that are being placed at a price exceeding the price limit are automatically canceled. Market orders cannot be canceled. In case the Stop orders are cancelled, then the related Limit orders/limit orders will also be cancelled.
Order corrections	Orders cannot be corrected, so in this event please cancel the order and place a new one.
Minimum order amount Maximum order amount	Buy-orders; sell orders; and payment orders all have minimum and maximum order amounts. Please check these on Coincheck's website.

(3) Trading confirmation and reporting (common to crypto asset trading sites, and exchanges)

(i) Confirmation of Trading, etc.

Customers can check the filling of orders, the deposit/withdrawal of cash funds, and the status of crypto asset sent/received (hereinafter referred to as "Trading, etc.") on the transaction screen.

(ii) Reports of Trading, etc.

In order to allow the details of Trading, etc. to be checked, Coincheck compiles a report describing the details of Trading, etc. executed and the closing balance for the period and sends it to customers once per month.

(4) Aspect of transactions

The aspect of transactions as follows ;

(i) Crypto asset Trading Site: Crypto asset buy and sell or Exchange for other crypto asset as prescribed in

Article 2-7-1 of the Payment Services Act.

(ii) Crypto asset Exchange: Mediation for Crypto asset buy and sell as prescribed in Article 2-7-2 of the Payment Services Act. * Depending on the transactions, this may fall under Crypto asset buy and sell as prescribed in Article 2-7-1 of the Payment Services Act.

(iii) Management for customer cash funds and crypto asset relating to the above (i) and (ii) as prescribed in Article 2-7-3 of the Payment Services Act.

(5) Cover transaction

With regard to over-the-counter transactions at crypto asset trading sites, Coincheck has cover deals with our contracted domestic and overseas counterparty for the purpose of mitigating risk.

The name of the counterparties are as follows;

- Binance
- Bitstamp Ltd
- Bittrex, Inc
- Cumberland Global Limited
- iFinex, Inc
- OKCoin, Inc
- Poloniex, LLC
- QUOINE
- Tai Mo Shan Ltd
- BitFlyer
- Fisco Crypto Exchange Co., Ltd
- Huobi Japan Co., Ltd

(6) Hard fork

Customers can check at Coincheck website on "Planned Correspondence guideline to the hard fork and the new coin". In addition, When granting a new crypto asset to be created, delivering the appropriate amount of money or adjusting rights by hard fork the grant, delivery or rights adjustment may be charged as a fee to customers.

(7) Suspending order acceptance

At Crypto asset trading site, when Coincheck determined that the stable price could not be received because of drastic market price changes due to the status change of the other corresponding crypto asset exchange, etc, Coincheck may suspend the order acceptance temporarily. After suspension of order acceptance, Coincheck will resume order acceptance in case Coincheck determined that the stable price can be received from the corresponding other crypto asset exchange.

7. Types of orders

*The prices Coincheck provides on the chart is reference purpose only and differs from the actual trade prices.

Market orders	This is an order method that does not specify price. When a market order to buy is issued, the order is filled in line with the order quantity, in order of the lowest priced sell orders on the market at the time. Similarly, when a market order to sell is issued, the order is filled in line with the order quantity, in order of the highest-priced buy orders on the market.
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Limit orders	<p>These are orders with conditions attached to “buy if the price reaches a specified price or less” or “sell if the price reaches a specified price or more”</p> <p>Note that for limit orders there may be cases where the order is only partially filled by contract; in this case, the remainder of the order remains effective until it is either filled by contract or canceled. Coincheck sets the price limit (orderable width) at regular intervals in order to prevent contracts that differ significantly from the actual price. At the time of ordering, limit orders with a price exceeding the available range (including limit orders triggered by stop order) cannot be placed. In addition, when setting the price limit, limit orders (including stop orders triggered by stop loss) that are being placed at a price exceeding the price limit are automatically canceled.</p>
Stop-limit orders	<p>A trigger order in which the specified market order or limit price is placed in case of a buy order with the price exceeding over the specified price and in case of a sell order with the price falling under the specified price.</p>

* Limit orders may be canceled by the system if the deviation between current rates and limit order rates is larger than Coincheck’s stipulated standards.

8. Deposit/withdrawal and transfer of cash funds, and sending/receiving crypto asset

(1) Deposit of cash funds

Customers may deposit cash funds in Japanese yen. Customers can deposit cash funds using one of the following methods: by bank transfer to Coincheck’s designated bank account; by making a deposit at a convenience store; or by “pay-easy” (quick deposit).

When making a deposit, customers should ensure that they use the same name as appears on their user account. If the customer uses another person’s name, or even his/her own name but with a different spelling (in Japanese kana), or includes a company name, etc., then the Transaction will be handled under the other person’s name. Then, in addition to processing a return, Coincheck may at its own discretion take measures such as locking out the user account.

Any cash funds will only be reflected in the customer’s user account once their transfer to Coincheck’s designated bank account has been confirmed. Therefore, customers are asked to note that there may be a certain time delay between when funds are transferred and when they appear in the user account.

(2) Withdrawal of cash funds

Customers may have all, or some, of their funds available for withdrawal repaid to them. However, customers cannot request a withdrawal if the amount of funds available for withdrawal is less than the withdrawal fee. Furthermore, the amount of the withdrawal requested will be deducted from margin funds at the point in time that the request is completed. If, during the withdrawal process, the amount of the withdrawal request exceeds the amount of funds available for withdrawal, then the request will be canceled in full.

The method used for withdrawals is to transfer the funds to a deposit account in the customer’s own name. As a general rule, the repayment of funds takes two business days from the date of the request, unless the customer is otherwise notified by Coincheck based on reasonable grounds.

In some cases, Coincheck may carry out withdrawal procedures from multiple financial institutions. In these cases, the order of the customer’s request for withdrawals and the order in which the funds are credited to the customer’s deposit account may change. In addition, there is a case some withdrawal may be limited based on Coincheck decision.

(3) Depositing crypto asset into a user account

When customers deposit crypto asset into their user accounts, it is sent to a crypto asset address specified

by Coincheck. The crypto asset that is sent to this address will appear in the customer's user account at the point in time during Coincheck's business hours that Coincheck confirms it has been sent. Therefore, customers are asked to note that there may be a certain time delay between when crypto asset are sent and when they appear in the user account. In some cases, customers deposit may be halted based on Coincheck decision.

The crypto asset address specified by Coincheck will be a unique address for each currency. In addition, a message needs to be specified, depending on the crypto asset. When customers are making a crypto asset deposit, there is a risk that it may be lost if they send a currency that Coincheck does not handle, or if it is sent to the wrong remittance address or with the wrong message (including cases where this information has been forgotten), etc.

Note that if a crypto asset is sent to an address other than one managed by Coincheck (including old address managed by Coincheck but no use currently), or if it is a currency not handled by Coincheck,(including different crypto asset other than designated by Coincheck) or if has been sent with the wrong message and or the wrong destination tag, we will be unable to refund it. And at the discretion of Coincheck, the expense along with the refund will be charged to customers as a fee.

* Some crypto asset cannot be deposited to user accounts.

(4) Sending crypto asset from a user account

Customers may request that all, or some, of the crypto asset deposited in their user account be remitted. Note that the remittance request will be canceled if the amount of the crypto asset in the request is more than the account balance. Also, customers cannot remit funds that are less than the minimum remittance permitted, as specified by Coincheck. Please check Coincheck's website for details on the minimum remittances permitted. In some cases, there may be the case customers remittance be halted or the remittance amount be limited by Coincheck.

When remitting crypto asset from their user account, customers place a remittance request on the trading screen.

If the customer makes a mistake in the remittance address or remits the funds to an address other than one managed by Coincheck, it will not be possible to refund the crypto asset.

Depending on the generation status of the block of crypto asset ,sending crypto asset may be delayed

Also, in cases indicated separately by Coincheck and otherwise when there are reasonable grounds, it may take some time from the remittance request to the completion of the remittance.

In addition, according to the laws and regulations, Coincheck will suspend the remittance or will not be able to accept the remittance in case Coincheck recognized that the remittance was inappropriate depending on the content and the attribute of the destination

* Some crypto asset cannot be sent from user accounts.

(5) Restrictions on the transfer of funds

For purchases from funds deposited at convenience stores, pay-easy payments (quick deposits), and credit card payments, the movement of assets is restricted for seven days.

(i) Convenience store deposits: an amount equivalent to that deposited

(ii) Pay-easy payments (quick deposits): an amount equivalent to the deposit

(iii) Credit card payments: an amount equivalent to that of the purchase

9. Customer property safety management

(1) Separate management

Cash funds and crypto asset deposited by customers are both subject to separate management as described below:

(i) Cash Funds

The customer's cash balance on the ledger and the balance of the principal of the trust property are reconciled each business day. If, as a result of the reconciliation, the balance of the principal of the trust property is found to be lower than the customer's cash balance on the ledger, then the amount of the shortfall shall be rectified within two business days by depositing the trust property account.

(ii) Crypto asset:

The customer's crypto asset balances on the ledger and the balances of the crypto asset in the customer's wallet are reconciled each business day, with separate reconciliations being conducted for each crypto asset. If, as a result of the reconciliation, the crypto asset balances in the customer's wallet are found to be lower than the customer's crypto asset balances on the ledger, then the amount of the shortfall shall be rectified within five (5) business days.

Note that customers' crypto asset balances on the ledger are managed in such a way that each customer's holdings can be immediately identified.

(2) Other safety management methods

Coincheck constructs a cold wallet for all the crypto asset it handles, and then manages it in the cold wallet. In addition, the private key required for sending crypto asset is strictly managed by setting the operating method according to internal rules and building an appropriate security environment and checking system.

(3) Facilities and personnel required for safety management operations and operation methods

Coincheck has the facilities necessary for the operations of (1) and (2) and has sufficient personnel for operation. In-house rules have been established for the operation method.(4)Policy for dealing with asset loss due to cyberattacks.

If the crypto asset entrusted by the customer is lost due to leakage of private key necessary for transferring the crypto asset and other information, loss, damage, or other reasons etc. Coincheck will send the customer another crypto asset equivalent to the crypto asset calculated at the price determined by Coincheck instead of sending in the crypto asset, or refund in cash. Refunds will be made promptly after Coincheck determines the method.

10. Fees (incl. consumption tax)

Please refer to Coincheck's website as described below for details of fees.

<https://coincheck.com/ja/info/fee>

11. Terminating an account

To terminate an account, customers are asked to go to "Settings" on the trading screen and apply to cancel their membership.

Note that if, at the time of termination (including termination based on these rules), the account balance is below the fee to withdraw funds, then the said balance shall be charged as the "fee for cancellation of membership."

12. Public taxes and dues

Profits related to Transactions are subject to comprehensive taxation as miscellaneous income.

* Please check the details with the Tax Office, or a tax accountant.

13. Transaction risks

There are various risks in these Transactions. Customers are asked to carry out trades based on their own judgment and under their own liability only after they have read the details described below, gained a proper understanding of the features, structure, and risks associated with crypto asset trades, and accepted these without objection.

(1) Risk of fluctuations in value

Crypto asset are not legal tender, nor are they underpinned by legal tender. The value of crypto asset fluctuates from day to day and hour to hour. The value of crypto asset may be affected by trends in other markets such as commodity prices, currencies, and securities markets; natural disasters; political changes; strikes; enforced regulation; the spread of other similar crypto asset; the decrease of crypto asset exchanges and other unexpected future events or extraordinary events. Consequently, the value of crypto asset held by customers, and the value of customers' crypto asset trades, may rapidly fluctuate or fall. Furthermore, customers should also be constantly aware that there is a risk of the value of crypto asset may fall to zero.

(2) Risks associated with business hours

The price of crypto asset may fluctuate significantly outside of Coincheck's business hours (including times when maintenance is being conducted). Coincheck shall bear no liability whatsoever for any trades that cannot be made outside of business hours.

(3) Liquidity risk

Depending on conditions such as market trends and transaction volumes (the decrease of crypto asset exchanges), trading may become difficult or impossible; or alternatively, customers may be forced to trade at prices that are extremely disadvantageous.

(4) Risks associated with crypto asset networks

In crypto asset trading, trades are not concluded until proper verification of the trade (trade authentication with the blockchain) is completed; so for a certain period of time, the trade's status will remain on "hold." This verification is not required for the transfer of crypto asset within Coincheck, but it is required for transfers of crypto asset between Coincheck and non-Coincheck services. Consequently, there is a risk when transferring crypto asset between Coincheck and non-Coincheck services that, until the trade is properly verified in the crypto asset network, customers' transactions may not be reflected in their user accounts; the transfer of crypto asset remitted externally from user accounts may not be completed; or customers' remittance/acceptance of funds may be canceled.

It is worth noting the fact that crypto asset are recorded electronically and that transfers take place on the network, which means there is a risk of them being lost.

As described in 8(3) &(4), if crypto asset are not sent/received using the correct procedure, then there is a risk of them being lost; and, moreover, none of any such crypto asset may be retrievable at all.

(5) Risks associated with crypto asset splits

Splits in crypto asset caused by hard forks or similar can cause the currencies to become mutually incompatible, which may lead to a significant drop in value or the risk that a trade becomes invalid in retrospect.

In addition, for periods of time (as designated by Coincheck) around any such splits, it may be that crypto asset cannot be deposited/withdrawn or traded. Also, Coincheck will need to decide if and how to handle any crypto asset splits—decisions that may prove disadvantageous to the customer.

(6) Risks associated with changes in charges, etc.

The Company may change rules pertaining to Transactions in the future. In particular, charges (including fee rates), and similar may change depending on circumstances.

(7) System risk

Trades conducted by customers use an electronic trading system. If the customer makes a mistake when entering an order, the intended order may not be filled, or alternatively an unintended order may be filled. There is a risk that it will not be possible to use the electronic trading system temporarily, or for a certain period of time, due to a variety of reasons such as the failure of either Coincheck's or the customer's own communications/computer systems equipment, disruptions in communications or disaster etc. Alternatively, orders may be invalidated due to delays in customers' order instructions to Coincheck's system, or the failure of such instructions to arrive at all. It is also possible that customer

trading may be suspended due to failures in the electronic trading system.

If the market fluctuates drastically, or similar, price information tends to be delayed and the price information on the electronic trading system may deviate from actual prices in the market.

In the electronic trading system, information such as login ID and passwords are used for electronic authentication. If this information is leaked due to theft, interception, or similar, then the customer may incur losses as a result of the information being misused by a third party.

Changes in the external environment may cause systems failure, which risks interference with customers' transactions. A systems failure is one where Coincheck deems an obvious malfunction to have occurred in the computer systems used to provide Coincheck's services (this does not include line failures, malfunctions in customers' PCs, or similar.)

Please be forewarned that in the event of any opportunities lost due to emergency maintenance of systems or systems failures (e.g. if a customer misses out on the opportunity to place an order and thus gain the profits that would otherwise have been obtained due to the fact that customer orders could not be accepted, etc.), we will be unable to process error corrections as Coincheck is not able to specify the details of any orders (i.e. original orders) placed by customers. It is possible that bid/ask prices of crypto asset calculated by the system may be abnormal values. Please be forewarned that if Coincheck deems a transaction to have been concluded using an abnormal value, it may cancel the trade at its own discretion.

(8) Risk of bankruptcy

There is a risk that Coincheck will be unable to continue business operations due to factors such as changes in the external environment (including a tightening of statutory regulations on crypto asset), a deterioration in Coincheck's financial circumstances, or the insolvency of subcontractors and similar who provide us with computer systems and other essential services.

In the event that Coincheck is unable to continue its business operations, it will carry out proceedings, including the handling of customers' assets, in line with all applicable laws such as the Bankruptcy Act, the Civil Rehabilitation Act, the Corporate Reorganization Act, and the Companies Act.

Although Coincheck may receive cash funds and crypto asset deposits from customers, any assets deposited by customers are managed separately from Coincheck's own assets. However, no measures such as trust protection or similar have been taken in respect to these assets; consequently, if Coincheck were to become insolvent, we would not be able to return customers' assets, and there is a risk that customers would incur losses.

If the issuer or administrator of crypto assets fails, crypto assets may disappear or their value may decrease.

(9) Risk of changes in legislation & the tax system

There is a risk that, in the future, crypto asset may be banned, restricted, have higher taxes imposed, or similar; and that the holding and trading of crypto asset will be restricted or treated in a more disadvantageous manner than at present due to changes in legislation, the tax system or government policies. In this case, customers may incur unexpected losses.

For further information customers are asked to personally contact their local tax office or a tax accountant, lawyer, or other expert.

(10) Risk of attacks by others

Crypto asset may disappear wholly or partially due to cyber attacks.

For all crypto asset handled at Coincheck, after creating a cold wallet in which it is managed. However, there is a risk that all, or some, of the crypto asset managed by Coincheck would be lost in the unlikely event of the Company's network being subject to a cyber-attack such as an unauthorized intrusion by a third party, or an attack in which our office is subject to an intrusion of a similar nature. There is also the risk that some or all of our services may be suspended due to a cyber-attack or similar.

(11) Risk of damage caused by circumstances unmanageable by Coinchek

Disaster, communication failure of public line, delay in the processing of value transfer records for crypto asset may cause losses to customers. However, Coincheck shall not be responsible for that.

The matters listed above briefly explain the typical risks associated with these Transactions and do not represent all risks that may arise in trading.

Corporate summary of Coincheck (a crypto asset exchange service provider)

1. Corporate summary of Coincheck

- (i) Trading Name: Coincheck, Inc.
- (ii) Address: Maruyamachou 3-6 Shibuya, Shibuya-ku, Tokyo
- (iii) Date of Establishment: August 28, 2012
- (iv) Capital Stock: 100 Million Yen
- (v) Name of Representative: Satoshi Hasuo, Representative Director
- (vi) Type of Business: crypto asset exchange business (Kanto Local Financial Bureau No: 00014)
- (vii) Corporate History

August 2012	ResuPress Inc., established
September 2014	Launch of “Coincheck Payment” service
September 2016	Launch of “Coincheck DENKI” service
March 2017	Trading name changed to Coincheck Incorporated
January 2019	Membership for Japan Virtual Currency Exchange Association
January 2019	Completed Registration of Virtual Currency Exchanger for FSA

- (viii) Principal shareholder: Monex Group, Inc.
- (ix) Memberships: Japan Virtual Currency Exchange Association, Japan Crypto asset Business Association & Japan Blockchain Association
- (x) Disclosure items: Disclosure items related to financial statements and crypto asset exchange business are disclosed on the following website.
<https://corporate.coincheck.com/about/disclosure>

Coincheck’s Procedures for Receiving/Handling Complaints and Resolving Disputes/ ADR System for Financial Services

1. Complaints Help Desk

Coincheck accepts complaints from customers at the following Help Desk.

Business Management Department

Maruyamachou 3-6 Shibuya, Shibuya-ku, Tokyo

Contact form: https://coincheck.com/en/info/help_contact

TEL: 03-6625-5113

Reception hours: The inquiry form will be accepted 24 hours a day, 365 days a year. Responses to inquiries will be handled sequentially. Calls will be handled from Monday to Friday from 10:00 to 17:00 (excluding holidays and year-end and New Year holidays (December 31 to January 3) as stipulated by the National Holiday Law).

* Please use the inquiry form for any inquiries about opening an account, depositing/withdrawing funds, or trading

2. Based on regulations prescribed by Coincheck, we will handle any complaints or discussions on Coincheck’s crypto asset exchange business in all good faith, as detailed below.

- (1) Notice of a complaint or similar can be made not only by the customer personally, but also by the customer’s heir, or his/her agent.

- (2) Customers can file a complaint, or similar, about Coincheck's Services at Coincheck's complaints help desk. We will respond in all good faith even in cases where it is not obvious whether or not the complaint from the customer relates to Coincheck's Services.
- (3) Coincheck's Business Management Department shall deal with any customer complaints appropriately and report the complaint to the President and Executive Officers if the content so requires.
- (4) If necessary, the President, Executive Officers, and Executive Committee shall instruct the Corporate Administration Department to investigate and analyze the complaint to prevent any recurrence.
- (5) Coincheck's Corporate Administration Department shall review periodically how complaints and similar from customers are handled.
- (6) Coincheck's Corporate Administration Department will introduce customers to an institution that offers support for dispute resolution if so required.

3. In the resolution of disputes concerning Coincheck's crypto asset exchange business, the arbitration (dispute resolution) centers set up and run by any of the following can be used for mediation proceedings (ADR system for financial services): the Tokyo Bar Association, the First Tokyo Bar Association, and the Second Tokyo Bar Association.

< Mediation/Arbitration Claims >

Tokyo Bar Association Dispute Resolution Center:

1-1-3 Kasumigaseki, Chiyoda-ku, Tokyo

TEL: 03-3581-0031

First Tokyo Bar Association Arbitration Center:

TEL: 03-3595-8588

Second Tokyo Bar Association Arbitration Center:

TEL: 03-3581-2249

4. Japan Virtual Currency Exchange Association, an accredited money settlement business association will also accept complaints pertaining to virtual currency exchange .

Japan Virtual Currency Exchange Association

Complaints form:

<https://jvcea.or.jp/contact/form-contact/>

TEL: 03-3222-1061

Response time: Mon-Fri 9: 30-17: 00

[Holidays (inclu.Transfer Holidays) and except New Year holidays (Dec. 29-Jan. 3)]

End

September 8,2020